

## **EXHIBIT I**

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

HOWARD VOGEL, Individually and On Behalf  
Of All Others Similarly Situated,

Plaintiff,

v.

THE BISYS GROUP, INC., DENNIS R.  
SHEEHAN, ANDREW C. CORBIN, LYNN J.  
MAGNUM, and JAMES L. FOX,

Defendants.

CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

CASE NO.: \_\_\_\_\_

04 CV 4048

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by the Bisys Group, Inc. ("Bisys" or the "Company"), as well as regulatory filings and reports, securities analysts reports and advisories about the Company, press releases, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE OF THE ACTION AND SUMMARY OF ALLEGATIONS**

1. This is a federal class action on behalf of a class consisting of all persons other than defendants who purchased or otherwise acquired the securities of Bisys between October 23, 2000 and May 17, 2004, inclusive (the "Class Period"), and who were damaged thereby, seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Bisys provides outsourcing services to financial institutions. Among other things, the Company administers and distributes mutual funds, hedge funds and private equity funds. Bisys operates primarily through three principal business groups: Bisys Investment Services, Bisys Insurance and Education Services, and Bisys Information Services.

3. During the Class Period, Bisys' publicly disseminated results of operations and financial condition contained artificially inflated revenues, assets and income, were not prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and violated the Exchange Act.

4. Defendants were strongly motivated to inflate the Company's financial results so that insiders could sell their personally held Bisys stock at artificially inflated prices. During the Class Period Bisys insiders, including defendant Magnum and Sheehan, sold a total of 1,009,266 shares of Bisys common stock, reaping gross proceeds of \$37,897,373.

5. On May 17, 2004, after the close of ordinary trading, Bisys announced that it would be restating "its financial results for each of the fiscal years ended June 30, 2003, 2002 and 2001, as well as its interim results for fiscal 2004," to account for a \$70 million to \$80 million adjustment to its previously reported commissions receivable in its life insurance division.

6. In response to this announcement, the price of Bisys common stock dropped, closing at \$12.97 on May 18, 2004, down from a high of \$14.50 on May 17 on unusually heavy trading volume.

#### **JURISDICTION AND VENUE**

7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)], and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. § 240.10b-5].

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). Many of the acts charged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. Additionally, defendants maintain their principal place of business within this District.

10. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

#### **PARTIES**

11. Plaintiff Howard Vogel, as set forth in his certification, which is attached hereto and incorporated by reference herein, purchased the common stock of Bisys during the Class Period and has been damaged thereby.

12. Defendant Bisys is a Delaware company with offices located in this District at 90 Park Avenue New York, New York 10016.

13. Defendant Dennis R. Sheehan served as the Company's Chief Financial Officer from February 1998 to August 2001, as President and Chief Operating Officer from August 2001 to January 2003 and as Chief Executive Officer and Chief Operating Officer from January 2003 to February 2004.

14. Defendant Andrew C. Corbin served as the Company's Chief Financial Officer from August 2001 to September 2003.

15. Defendant Lynn J. Magnum served as the Company's Chairman and Chief Executive Officer from August 1989 to January 2003, at which time Magnum stepped down as Chief Executive but continued as Chairman.

16. Defendant James L. Fox served as the Company's Chief Financial Officer since September 2003 to the present.

17. Defendants Sheehan, Corbin, Magnum and Fox are collectively referred to herein as the "Individual Defendants".

18. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about its business, operations, products, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

19. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of Bisys, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, products, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting,

producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

20. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, traded on the New York Stock Exchange ("NYSE") during the Class Period, and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

21. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Bisys, each of the Individual Defendants had access to the adverse undisclosed information about Bisys' business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about Bisys and its business issued or adopted by the Company materially false and misleading.

22. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

23. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Bisys common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Bisys' business, finances, financial statements and the intrinsic value of Bisys common stock; and (ii) caused plaintiff and other members of the Class to purchase Bisys securities at artificially inflated prices.

#### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

24. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of Bisys between October 23, 2000 and May 17, 2004, inclusive, and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

25. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Bisys had approximately 120 million shares of

common stock outstanding that were actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Bisys or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

26. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

27. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

28. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the federal securities laws were violated by defendants' acts as alleged herein;
- b. whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and financial statements of Bisys; and
- c. to what extent the members of the Class have sustained damages and the proper measure of damages.

29. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the

expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

### **SUBSTANTIVE ALLEGATIONS**

#### **MATERIALLY FALSE AND MISLEADING STATEMENTS MADE DURING THE CLASS PERIOD**

30. The Class Period begins on October 23, 2000. On that day, Bisys issued a press release announcing "record revenues" for its first fiscal quarter of 2001, the period ended September 30, 2000, supposedly attributable to strong growth at all divisions:

For the fiscal first quarter, BISYS reported net income of \$12,912,000 or \$0.22 per diluted share, as compared to net income of \$12,283,000 or \$0.22 per diluted share for the comparable fiscal 2000 quarter. Revenues for the fiscal first quarter increased to \$161,441,000, up 22% from \$132,313,000 in the same period last year.

\* \* \* \* \*

"In the first quarter, we again experienced strong growth in both revenues and earnings," said Lynn Mangum, BISYS chairman and chief executive officer. "All three of our major business groups contributed to the strong results. I am especially pleased with the increased growth rate within our Information Services Group. Prior year revenues and operating earnings for the Information Services Group include the impact of divested businesses. Overall operating earnings, excluding the impact of merger related charges, were up 32%. We have already begun to see the benefits from the sale of our two below average margin businesses. We remain well positioned to meet our growth objectives for the rest of fiscal 2001."

31. On November 14, 2000, Bisys filed its quarterly report for its first fiscal quarter of 2001, the period ended September 30, 2000, with the SEC. The report was signed by defendant Sheehan and represented that "[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information." In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that "[t]he preparation of financial statements in conformity with generally accepted accounting

principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

| (\$000, except EPS)         |                   |                   | Three Months Ended<br>September 30, |            |            |
|-----------------------------|-------------------|-------------------|-------------------------------------|------------|------------|
|                             | 9/30/2000         | 6/30/2000         |                                     | 2000       | 1999       |
| Assets                      |                   |                   | Revenues                            | \$ 161,441 | \$ 132,313 |
| Current assets:             |                   |                   | Operating costs and expenses:       |            |            |
| Cash and cash equivalents   | \$ 48,222         | \$ 70,177         | Service and operating               | 98,276     | 79,998     |
| Accounts receivable, net    | 121,328           | 108,579           | General and administrative          | 21,576     | 19,537     |
| Deferred tax asset          | 11,605            | 8,808             | Selling and conversion              | 7,774      | 6,417      |
| Other current assets        | 19,594            | 131,734           | Research and development            | 3,177      | 2,990      |
| Total current assets        | 200,749           | 319,298           | Amortization of intangible assets   | 4,580      | 2,650      |
| Property and equipment, net | 65,311            | 61,211            | Merger expenses and other charges   | 4,245      | --         |
| Intangible assets, net      | 347,409           | 188,349           | Operating earnings                  | 23,106     | 20,721     |
| Other assets                | 36,389            | 147,193           | Interest expense, net               | 1,762      | 250        |
| Total assets                | <u>\$ 649,858</u> | <u>\$ 601,051</u> | Income before income taxes          | 21,344     | 20,471     |
|                             |                   |                   | Income taxes                        | 8,432      | 8,188      |
|                             |                   |                   | Net income                          | \$ 12,912  | \$ 12,283  |
|                             |                   |                   | Basic earnings per share            | \$ 0.23    | \$ 0.23    |
|                             |                   |                   | Diluted earnings per share          | \$ 0.22    | \$ 0.22    |

32. On February 12, 2001, Bisys filed its quarterly report for its second fiscal quarter of 2001, the period ended December 31, 2000, with the SEC. The report was signed by defendant Sheehan and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report

represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

| (\$000, except EPS)         |            |            | Three Months Ended<br>December 31, |           |            |
|-----------------------------|------------|------------|------------------------------------|-----------|------------|
|                             | 12/31/2000 | 6/30/2000  |                                    | 2000      | 1999       |
| <b>Assets</b>               |            |            | <b>Revenues</b>                    | \$168,303 | \$ 138,044 |
| Current assets:             |            |            | Operating costs and expenses:      |           |            |
| Cash and cash equivalents   | \$44,936   | \$70,177   | Service and operating              | 98,340    | 81,121     |
| Accounts receivable, net    | 124,899    | 108,579    | General and administrative         | 21,332    | 19,217     |
| Deferred tax asset          | 10,934     | 8,808      | Selling and conversion             | 7,587     | 6,841      |
| Other current assets        | 19,402     | 131,734    | Research and development           | 2,996     | 2,879      |
| Total current assets        | 200,171    | 319,298    | Amortization of intangible assets  | 4,939     | 2,984      |
| Property and equipment, net | 66,251     | 61,211     | Merger expenses and other charges  | -         | -          |
| Intangible assets, net      | 361,569    | 188,349    | Operating earnings                 | 33,109    | 25,002     |
| Other assets                | 37,349     | 32,193     | Interest expense, net              | 1,868     | 497        |
| Total assets                | \$ 665,340 | \$ 601,051 | Income before income taxes         | 31,241    | 24,505     |
|                             |            |            | Income taxes                       | 12,339    | 9,579      |
|                             |            |            | Net income                         | \$ 18,902 | \$ 14,926  |
|                             |            |            | Basic earnings per share           | \$ 0.33   | \$ 0.27    |
|                             |            |            | Diluted earnings per share         | \$ 0.32   | \$ 0.26    |

33. On May 7, 2001, Bisys filed its quarterly report for its third fiscal quarter of 2001, the period ended March 31, 2001, with the SEC. The report was signed by defendant Sheehan and represented that “[t]he condensed consolidated financial statements include all

adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

| (\$000, except EPS)         |            |            | Three Months Ended<br>March 31,   |            |            |
|-----------------------------|------------|------------|-----------------------------------|------------|------------|
|                             | 3/31/2001  | 6/30/2000  |                                   | 2001       | 2000       |
| <b>Assets</b>               |            |            | <b>Revenues</b>                   | \$ 177,359 | \$ 145,657 |
| Current assets:             |            |            | Operating costs and expenses:     |            |            |
| Cash and cash equivalents   | \$ 256,517 | \$ 70,177  | Service and operating             | 98,276     | 80,313     |
| Accounts receivable, net    | 134,761    | 108,579    | General and administrative        | 21,576     | 19,147     |
| Deferred tax asset          | 9,868      | 8,808      | Selling and conversion            | 7,851      | 7,145      |
| Other current assets        | 22,876     | 16,734     | Research and development          | 2,650      | 3,318      |
| Total current assets        | 424,022    | 204,298    | Amortization of intangible assets | 5,120      | 2,886      |
| Property and equipment, net | 67,633     | 61,211     | Merger expenses and other charges | --         | --         |
| Intangible assets, net      | 365,121    | 188,349    | Operating earnings                | 41,886     | 32,848     |
| Other assets                | 47,252     | 147,193    | Interest income (expense), net    | (1,133)    | 185        |
| Total assets                | \$ 904,028 | \$ 601,051 | Income before income taxes        | 40,753     | 33,033     |
|                             |            |            | Income taxes                      | 16,098     | 13,046     |
|                             |            |            | Net income                        | \$ 24,655  | \$ 19,987  |
|                             |            |            | Basic earnings per share          | \$ 0.43    | \$ 0.36    |
|                             |            |            | Diluted earnings per share        | \$ 0.41    | \$ 0.35    |

34. On September 28, 2001, Bisys filed its annual report for its fiscal year ended June 30, 2001, on Form 10-K405 with the SEC. The report was signed by defendants

Corbin and Magnum and, with respect to the financial reports contained therein, represented that “[t]he information was prepared in conformity with generally accepted accounting principles and reflects the best judgment of management.” Further reassuring investors as to the integrity of the Company’s financial results was the following report from PricewaterhouseCoopers LLP, Bisys’ outside auditors:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of The BISYS Group, Inc. and its subsidiaries at June 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

The Company reported the following results and financial condition for the year:

| (\$000, except EPS)         | JUNE 30,     |            | FOR YEARS ENDED<br>JUNE 30,                                   |            |            |
|-----------------------------|--------------|------------|---|------------|------------|
|                             | 2001         | 2000       |   | 2001       | 2000       |
| Assets                      |              |            | Revenues  | \$ 701,757 | \$ 571,401 |
| Current assets:             |              |            | Operating costs and expenses:                                 |            |            |
| Cash and cash equivalents   | \$ 159,399   | \$ 70,177  | Service and operating   | 398,411    | 326,315    |
| Accounts receivable, net    | 148,068      | 108,579    | Selling, general and administrative                           | 132,001    | 118,172    |
| Deferred tax asset          | 13,530       | 8,808      | Amortization of intangible assets                             | 11,486     | 7,540      |
| Other current assets        | 26,794       | 16,734     | Amortization of intangibles                                   | 9,018      | 3,904      |
| Total current assets        | 347,791      | 204,298    | Business divestitures, merger expenses and other charges, net | 4,245      | (520)      |
| Property and equipment, net | 76,831       | 61,211     | Acquired in-process research and development                  | --         | --         |
| Goodwill, net               | 404,223      | 147,258    | Operating earnings  | 146,596    | 115,990    |
| Intangible assets, net      | 123,002      | 41,091     | Interest income (expense), net                                | (5,902)    | 49         |
| Other assets                | 51,354       | 147,193    | Income before income tax provision                            | 140,694    | 116,039    |
| Total assets                | \$ 1,003,201 | \$ 601,051 | Income tax provision  | 55,574     | 45,835     |
|                             |              |            | Net income  | \$ 85,120  | \$ 70,204  |
|                             |              |            | Basic earnings per share                                      | \$ 1.48    | \$ 1.28    |
|                             |              |            | Diluted earnings per share                                    | \$ 1.41    | \$ 1.23    |

35. On November 13, 2001, Bisys filed its quarterly report for its first fiscal quarter of 2002, the period ended September 30, 2001, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

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| (\$000, except EPS)         |              |              | Three Months Ended<br>September 30, |            |            |                    |
|-----------------------------|--------------|--------------|-------------------------------------|------------|------------|--------------------|
|                             | 9/30/2001    | 6/30/2001    |                                     | 2001       | 2000       | 2000<br>(proforma) |
| Assets                      |              |              | Revenues                            | \$ 196,531 | \$ 161,441 | \$ 161,441         |
| Current assets:             |              |              | Operating costs and expenses:       |            |            |                    |
| Cash and cash equivalents   | \$ 155,586   | \$ 159,399   | Service and operating               | 113,348    | 95,958     | 95,958             |
| Accounts receivable, net    | 163,702      | 148,068      | Selling, general and administrative | 40,568     | 33,552     | 33,552             |
| Deferred tax asset          | 16,267       | 13,530       | Amortization of goodwill            | --         | 2,808      | --                 |
| Other current assets        | 29,643       | 26,794       | Amortization of intangible assets   | 2,896      | 1,772      | 1,772              |
| Total current assets        | 365,198      | 347,791      | Restructuring charges               | 6,475      | 4,245      | 4,245              |
| Property and equipment, net | 78,379       | 76,831       |                                     | 163,287    | 138,335    | 135,527            |
| Goodwill, net               | 407,262      | 404,223      | Operating earnings                  | 33,244     | 23,106     | 25,914             |
| Intangible assets, net      | 120,149      | 123,002      | Interest expense, net               | 2,315      | 1,762      | 1,762              |
| Other assets                | 51,105       | 51,354       | Income before income taxes          | 30,929     | 21,344     | 24,152             |
| Total assets                | \$ 1,022,093 | \$ 1,003,201 | Income taxes                        | 11,986     | 8,432      | 9,359              |
|                             |              |              | Net income                          | \$ 18,943  | \$ 12,912  | \$ 14,793          |
|                             |              |              | Basic earnings per share            | \$0.32     | \$0.23     | \$0.26             |
|                             |              |              | Diluted earnings per share          | \$0.31     | \$0.22     | \$0.25             |

36. On February 12, 2002, Bisys filed its quarterly report for its second fiscal quarter of 2002, the period ended December 31, 2001, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting

principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

| (\$000, except EPS)         |              |              | Three Months Ended<br>December 31,  |            |                     |
|-----------------------------|--------------|--------------|-------------------------------------|------------|---------------------|
|                             | 12/31/2001   | 6/30/2001    |                                     | 2001       | 2000<br>(pro forma) |
| <b>Assets</b>               |              |              | <b>Revenues</b>                     | \$ 209,908 | \$168,303           |
| Current assets:             |              |              | Operating costs and expenses:       |            |                     |
| Cash and cash equivalents   | \$ 156,269   | \$ 159,399   | Service and operating               | 120,698    | 98,340              |
| Accounts receivable, net    | 166,744      | 148,068      | Selling, general and administrative | 40,075     | 31,915              |
| Deferred tax asset          | 14,565       | 13,530       | Amortization of goodwill            | --         | 2,770               |
| Other current assets        | 32,548       | 26,794       | Amortization of intangible assets   | 3,090      | 2,169               |
| Total current assets        | 370,126      | 347,791      | Restructuring charges               | --         | --                  |
| Property and equipment, net | 77,421       | 76,831       |                                     | 163,863    | 135,194             |
| Goodwill, net               | 428,064      | 404,223      | Operating earnings                  | 46,045     | 33,109              |
| Intangible assets, net      | 125,585      | 123,002      | Interest expense, net               | 2,887      | 1,868               |
| Other assets                | 50,719       | 51,354       | Income before income taxes          | 43,158     | 31,241              |
| Total assets                | \$ 1,051,915 | \$ 1,003,201 | Income taxes                        | 16,723     | 12,339              |
|                             |              |              | Net income                          | \$ 26,435  | \$ 18,902           |
|                             |              |              | Basic earnings per share            | \$ 0.45    | \$0.33              |
|                             |              |              | Diluted earnings per share          | \$ 0.43    | \$ 0.35             |

37. On May 10, 2002, Bisys filed its quarterly report for its third fiscal quarter of 2002, the period ended March 31, 2002, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all

adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter, the Company reported the following results and financial condition:

| (\$000, except EPS)         |              |              | Three Months Ended<br>March 31,     |            |           |                    |
|-----------------------------|--------------|--------------|-------------------------------------|------------|-----------|--------------------|
|                             | 3/31/2002    | 6/30/2001    |                                     | 2002       | 2001      | 2001 (As Adjusted) |
| Assets                      |              |              | Revenues                            | \$ 220,539 | \$177,359 | \$177,359          |
| Current assets:             |              |              | Operating costs and expenses:       |            |           |                    |
| Cash and cash equivalents   | \$ 82,281    | \$ 159,399   | Service and operating               | 122,986    | 98,276    | 98,276             |
| Accounts receivable, net    | 188,613      | 148,068      | Selling, general and administrative | 37,612     | 32,077    | 32,077             |
| Deferred tax asset          | 17,080       | 13,530       | Amortization of goodwill            | --         | 2,791     |                    |
| Other current assets        | 37,938       | 26,794       | Amortization of intangible assets   | 3,178      | 2,329     | 2,329              |
| Total current assets        | 325,912      | 347,791      | Restructuring charges               | --         | --        | --                 |
| Property and equipment, net | 86,580       | 76,831       |                                     | 163,776    | 135,473   | 132,682            |
| Goodwill, net               | 529,058      | 404,223      | Operating earnings                  | 56,763     | 41,886    | 44,677             |
| Intangible assets, net      | 158,039      | 123,002      | Interest expense, net               | 3,142      | 1,133     | 1,133              |
| Other assets                | 54,824       | 51,354       | Income before income taxes          | 53,621     | 40,753    | 43,544             |
| Total assets                | \$ 1,154,413 | \$ 1,003,201 | Income taxes                        | 20,427     | 16,098    | 16,873             |
|                             |              |              | Net income                          | \$ 33,194  | \$ 24,655 | \$ 26,671          |
|                             |              |              | Basic earnings per share            | \$ 0.28    | \$0.21    | \$0.23             |
|                             |              |              | Diluted earnings per share          | \$ 0.27    | \$ 0.20   | \$ 0.22            |

38. On September 27, 2002, Bisys filed its annual report for its fiscal year ended June 30, 2002, on Form 10-K with the SEC. The report was signed by defendants Corbin and Magnum and, with respect to the financial reports contained therein, represented that “[t]he information was prepared in conformity with generally accepted accounting principles and reflects the best judgment of management.” Further reassuring investors as to the integrity of the Company’s financial results was the following report from PricewaterhouseCoopers LLP, Bisys’ outside auditors:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of The BISYS Group, Inc. and its subsidiaries at June 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

The Company reported the following annual results:

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| (\$000, except EPS)         |              |              | FOR YEARS ENDED JUNE 30,                                    |            |            |            |
|-----------------------------|--------------|--------------|---|------------|------------|------------|
|                             | 2002         | 2001         |   | 2002       | 2001       | 2000       |
| <b>Assets</b>               |              |              | <b>Revenues</b>   | \$ 865,705 | \$ 701,757 | \$ 571,401 |
| Current assets:             |              |              | Operating costs and expenses:                               |            |            |            |
| Cash and cash equivalents   | \$ 78,371    | \$ 159,399   | Service and operating                                       | 488,411    | 398,411    | 326,315    |
| Accounts receivable, net    | 196,997      | 148,068      | Selling, general and administrative                         | 157,743    | 132,001    | 118,172    |
| Deferred tax asset          | 9,466        | 13,530       | Amortization of goodwill                                    | --         | 11,486     | 7,540      |
| Other current assets        | 35,401       | 26,794       | Amortization of intangible assets                           | 13,125     | 9,018      | 3,904      |
| Total current assets        | 320,235      | 347,791      | Restructuring, business divestitures and other charges, net | 6,475      | 4,245      | (520)      |
| Property and equipment, net | 94,711       | 76,831       |   |            |            |            |
| Goodwill, net               | 623,250      | 404,223      | Operating earnings  | 199,951    | 146,596    | 115,990    |
| Intangible assets, net      | 159,391      | 123,002      | Interest income (expense), net                              | (12,102)   | (5,902)    | 49         |
| Other assets                | 48,564       | 51,354       | Income before income tax provision                          | 187,849    | 140,694    | 116,039    |
| Total assets                | \$ 1,246,151 | \$ 1,003,201 | Income tax provision  | 71,988     | 55,574     | 45,835     |
|                             |              |              | Net income  | \$ 115,861 | \$ 85,120  | \$ 70,204  |
|                             |              |              | Basic earnings per share                                    | \$ 0.98    | \$ 0.74    | \$ 0.64    |
|                             |              |              | Diluted earnings per share                                  | \$ 0.94    | \$ 0.71    | \$ 0.62    |

39. On November 14, 2002, Bisys filed its quarterly report for its first fiscal quarter of 2003, the period ended September 30, 2003, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting

principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter the Company reported the following results and financial condition:

| (\$000, except EPS)         |              |              | Three Months Ended<br>September 30, |           |            |
|-----------------------------|--------------|--------------|-------------------------------------|-----------|------------|
|                             | 9/30/2002    | 6/30/2002    |                                     | 2002      | 2001       |
| <b>Assets</b>               |              |              | <b>Revenues</b>                     | \$227,344 | \$ 196,531 |
| Current assets:             |              |              | Operating costs and expenses:       |           |            |
| Cash and cash equivalents   | \$68,633     | \$78,371     | Service and operating               | 135,549   | 113,348    |
| Accounts receivable, net    | 204,940      | 196,997      | Selling, general and administrative | 44,586    | 40,568     |
| Deferred tax asset          | 9,466        | 9,466        | Amortization of intangible assets   | 4,272     | 2,896      |
| Other current assets        | 35,485       | 35,401       | Restructuring charges               | 12,079    | 6,475      |
| Total current assets        | 318,524      | 320,235      | Operating earnings                  | 30,858    | 33,244     |
| Property and equipment, net | 100,531      | 94,711       | Interest expense, net               | 4,012     | 2,315-     |
| Goodwill                    | 632,255      | 623,250      | Income before income taxes          | 26,846    | 30,929     |
| Intangible assets, net      | 163,341      | 159,391      | Income taxes                        | 10,067    | 11,986     |
| Other assets                | 41,932       | 48,564       | Net income                          | 16,779    | 18,943     |
| Total assets                | \$ 1,256,583 | \$ 1,246,151 | Basic earnings per share            | \$ 0.14   | \$ 0.16    |
|                             |              |              | Diluted earnings per share          | \$ 0.14   | \$ 0.15    |

40. On February 14, 2003, Bisys filed its quarterly report for its second fiscal quarter of 2003, the period ended December 31, 2002, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to fairly state this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting

principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter the Company reported the following results and financial condition:

| (\$000, except EPS)         |              |              | Three Months Ended<br>December 31,  |            |            |
|-----------------------------|--------------|--------------|-------------------------------------|------------|------------|
|                             | 12/31/2002   | 6/30/2002    |                                     | 2002       | 2001       |
| <b>Assets</b>               |              |              | <b>Revenues</b>                     | \$233,112  | \$ 209,908 |
| Current assets:             |              |              | Operating costs and expenses:       |            |            |
| Cash and cash equivalents   | \$80,580     | \$78,371     | Service and operating               | 136,126    | 120,698    |
| Accounts receivable, net    | 208,274      | 196,997      | Selling, general and administrative | 42,593     | 40,075     |
| Deferred tax asset          | 11,670       | 9,466        | Amortization of intangible assets   | 4,393      | 3,090      |
| Other current assets        | 36,454       | 35,401       | Restructuring charges               | --         | --         |
| Total current assets        | 336,978      | 320,235      | Total operating costs and expenses  | \$ 183,112 | \$ 163,863 |
| Property and equipment, net | 104,823      | 94,711       | Operating earnings                  | 50,000     | 46,045     |
| Goodwill                    | 662,266      | 623,250      | Interest expense, net               | 4,033      | 2,887-     |
| Intangible assets, net      | 164,948      | 159,391      | Income before income taxes          | 45,967     | 43,158     |
| Other assets                | 43,318       | 48,564       | Income taxes                        | 17,238     | 16,723     |
| Total assets                | \$ 1,312,333 | \$ 1,246,151 | Net income                          | 28,729     | 26,435     |
|                             |              |              | Basic earnings per share            | \$ 0.24    | \$ 0.22    |
|                             |              |              | Diluted earnings per share          | \$ 0.24    | \$ 0.22    |

41. On May 15, 2003, Bisys filed its quarterly report for its third fiscal quarter of 2003, the period ended March 31, 2003, with the SEC. The report was signed by defendant Corbin and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to fairly state this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he

preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter the Company reported the following results and financial condition:

| (\$000, except EPS)                           |              |              | Three Months Ended<br>March 31,     |           |           |
|---|--------------|--------------|-------------------------------------|-----------|-----------|
|   | 3/31/2003    | 6/30/2002    |                                     | 2003      | 2002      |
| <b>Assets</b>                                 |              |              | <b>Revenues</b>                     | \$244,776 | \$220,539 |
| Current assets:                               |              |              | Operating costs and expenses:       |           |           |
| Cash and cash equivalents                     | \$91,856     | \$78,371     | Service and operating               | 141,076   | 122,986   |
| Accounts receivable, net                      | 99,714       | 101,851      | Selling, general and administrative | 43,892    | 37,612    |
| Insurance premiums and commissions receivable | 150,683      | 95,146       | Amortization of intangible assets   | 4,809     | 3,178     |
| Deferred tax asset                            | 9,612        | 9,466        | Restructuring charges               | ---       | --        |
| Other current assets                          | 36,294       | 35,401       | Total operating costs and expenses  | 189,777   | 163,776   |
| Total current assets                          | 388,159      | 320,235      | Operating earnings                  | 54,999    | 56,763    |
| Property and equipment, net                   | 106,172      | 94,711       | Interest income                     | 270       | 711       |
| Goodwill                                      | 745,032      | 623,250      | Interest expense                    | (4,475)   | (3,853)   |
| Intangible assets, net                        | 204,797      | 159,391      | Income before income taxes          | 50,794    | 53,621    |
| Other assets                                  | 44,482       | 48,564       | Income taxes                        | 18,286    | 20,427    |
| Total assets                                  | \$ 1,488,642 | \$ 1,246,151 | Net income                          | 32,508    | 18,943    |
|   |              |              | Basic earnings per share            | \$ 0.27   | \$ 0.28   |
|   |              |              | Diluted earnings per share          | \$ 0.27   | \$ 0.27   |

42. On September 19, 2003, Bisys filed its annual report for its fiscal year ended June 30, 2003, on Form 10-K with the SEC. The report was signed by defendants Sheehan, Corbin and Magnum and, with respect to the financial reports contained therein, represented that “[t]he information was prepared in conformity with generally accepted

accounting principles and reflects the best judgment of management.” Further reassuring investors as to the integrity of the Company’s financial results was the following report from PricewaterhouseCoopers LLP, Bisys’ outside auditors:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of The BISYS Group, Inc. and its subsidiaries at June 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

In addition, pursuant to Section 302 of the Sarbanes Oxley Act of 2002, the report contained a certification signed by defendants Sheehan and Corbin, respectively, representing that, among other things, “[b]ased on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.”

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The Company reported the following results and financial condition for the year:

| (\$000, except EPS)                           |              |              | For Years Ended<br>June 30,                                 |            |            |
|---|--------------|--------------|---|------------|------------|
|   | 6/30/2003    | 6/30/2002    |   | 2003       | 2002       |
| <b>Assets</b>                                 |              |              | <b>Revenues</b>   | \$ 958,419 | \$ 865,705 |
| Cash and cash equivalents                     | \$79,558     | \$78,371     | Operating costs and expenses:                               |            |            |
| Accounts receivable, net                      | 96,237       | 101,851      | Service and operating                                       | 558,824    | 488,411    |
| Insurance premiums and commissions receivable | 169,780      | 95,146       | Selling, general and administrative                         | 176,728    | 157,743    |
| Deferred tax asset                            | 13,655       | 9,466        | Amortization of goodwill                                    | --         |            |
| Other current assets                          | 61,409       | 35,401       | Amortization of intangible assets                           | 18,822     | 13,125     |
| Total current assets                          | 420,639      | 320,235      | Restructuring, business divestitures and other charges, net | 12,079     | 6,475      |
| Property and equipment, net                   | 107,152      | 94,711       | Acquired in-process research and development                | --         |            |
| Goodwill                                      | 749,227      | 623,250      | Total operating costs and expenses                          | 766,453    | 665,754    |
| Intangible assets, net                        | 206,036      | 159,391      | Operating earnings  | 191,966    | 199,951    |
| Other assets                                  | 43,839       | 48,564       | Interest income   | 1,475,599  |            |
| Total assets                                  | \$ 1,526,893 | \$ 1,246,151 | Interest expense  | (18,146)   | (15,701)   |
|   |              |              | Income before income taxes                                  | 175,295    | 187,849    |
|   |              |              | Income taxes  | 63,472     | 71,988     |
|   |              |              | Net income  | \$111,823  | \$ 115,861 |
|   |              |              | Basic earnings per share                                    | \$0.93     | \$0.98     |
|   |              |              | Diluted earnings per share                                  | \$0.92     | \$0.94     |

43. On November 12, 2003, Bisys filed its quarterly report for its first fiscal quarter of 2004, the period ended September 30, 2003, with the SEC. The report was signed by defendant Fox and represented that “[t]he condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to fairly state this information.” In addition, the report represented that

the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter the Company reported the following results and financial condition:

| (\$000, except EPS)                           |              |              | Three Months Ended<br>September 30,         |           |            |
|---|--------------|--------------|---|-----------|------------|
|   | 9/30/2003    | 6/30/2003    |   | 2003      | 2002       |
| <b>Assets</b>                                 |              |              | <b>Revenues</b>                             | \$237,382 | \$ 227,344 |
| Current assets:                               |              |              | Operating costs and expenses:               |           |            |
| Cash and cash equivalents                     | \$76,475     | \$79,558     | Service and operating                       | 152,512   | 135,549    |
| Restricted cash                               | 23,745       | 26,603       | Selling, general and administrative         | 46,129    | 44,586     |
| Accounts receivable, net                      | 94,532       | 96,237       | Amortization of intangible assets           | 806       | 4,272      |
| Insurance premiums and commissions receivable | 149,999      | 169,780      | Restructuring, impairment And other charges | 12,624    | 12,079     |
| Deferred tax asset                            | 13,655       | 13,655       | Total operating costs and expenses          | 217,071   | 196,486    |
| Other current assets                          | 31,813       | 34,806       | Operating earnings                          | 20,311    | 30,858     |
| Total current assets                          | 390,219      | 420,639      | Interest income                             | 325       | 373        |
| Property and equipment, net                   | 106,642      | 107,152      | Interest expense                            | (4,664)   | (4,385)    |
| Goodwill                                      | 750,537      | 749,227      | Income before income taxes                  | 15,972    | 26,846     |
| Intangible assets, net                        | 199,376      | 206,036      | Income taxes                                | 11,161    | 10,067     |
| Other assets                                  | 40,517       | 43,839       | Net income                                  | 4,811     | 16,779     |
| Total assets                                  | \$ 1,487,291 | \$ 1,526,893 | Basic earnings per share                    | \$ 0.04   | \$ 0.14    |
|   |              |              | Diluted earnings per share                  | \$ 0.04   | \$ 0.14    |

44. On January 29, 2004, Bisys filed its quarterly report for its second fiscal quarter of 2004, the period ended December 31, 2003, with the SEC. The report was signed by defendant Fox and represented that “[t]he condensed consolidated financial statements include

all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to fairly state this information.” In addition, the report represented that the results contained therein were prepared in accordance with GAAP, stating that “[t]he preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.” For the quarter the Company reported the following results and financial condition:

| (\$000, except EPS)                           |              |              | Three Months Ended<br>December 31,          |           |            |
|---|--------------|--------------|---|-----------|------------|
|   | 12/31/2003   | 6/30/2003    |   | 2003      | 2002       |
| <b>Assets</b>                                 |              |              | <b>Revenues</b>                             | \$263,331 | \$ 233,112 |
| Current assets:                               |              |              | Operating costs and expenses:               |           |            |
| Cash and cash equivalents                     | \$85,054     | \$79,558     | Service and operating                       | 168,691   | 136,126    |
| Restricted cash                               | 56,324       | 26,603       | Selling, general and administrative         | 49,397    | 42,593     |
| Accounts receivable, net                      | 95,055       | 96,237       | Amortization of intangible assets           | 4,393     | 4,393      |
| Insurance premiums and commissions receivable | 189,000      | 169,780      | Restructuring, impairment And other charges | 2,151     | --         |
| Deferred tax asset                            | 10,701       | 13,655       | Total operating costs and expenses          | 226,932   | 183,112    |
| Other current assets                          | 44,791       | 34,806       | Operating earnings                          | 36,399    | 50,000     |
| Total current assets                          | 480,925      | 420,639      | Interest income                             | 282       | 535        |
| Property and equipment, net                   | 110,391      | 107,152      | Interest expense                            | (4,735)   | (4,568)    |
| Goodwill                                      | 814,725      | 749,227      | Income before income taxes                  | 31,946    | 45,967     |
| Intangible assets, net                        | 222,879      | 206,036      | Income taxes                                | 11,900    | 17,238     |
| Other assets                                  | 34,875       | 43,839       | Net income                                  | \$ 20,046 | 28,729     |
| Total assets                                  | \$ 1,663,795 | \$ 1,526,893 | Basic earnings per share                    | \$ 0.17   | \$ 0.24    |
|   |              |              | Diluted earnings per share                  | \$ 0.17   | \$ 0.24    |

45. On April 22, 2004, Bisys issued a press release announcing the following results for its third fiscal quarter of 2004:

For the fiscal third quarter, BISYS reported net income of \$3.2 million or \$0.03 per diluted share, as compared to net income of \$32.5 million or \$0.27 per diluted share for the same period in fiscal 2003. Revenue for the quarter was \$272.3 million, an increase of 11.2 percent from \$244.8 million in the same period last year.

According to the release, the quarterly results included a charge of \$15.5 million for a “change in estimated losses in the commissions receivable portfolio” in the Life Insurance Services Division.

46. The statements referenced above in ¶¶ 30-45, were materially false and misleading when made because they failed to disclose the following facts, among others:

a. that the Company had artificially inflated its commissions receivable in its Life Insurance Services Division, as reported in the press releases and SEC filings detailed above, thereby artificially inflating its reported assets, revenues and income;

b. that, as particularized more fully in paragraphs 48-54, below, contrary to the Company’s express representations, Bisys’ reported financial results were not prepared or presented in accordance with GAAP, because they included artificially inflated assets and results of operations, such that the reported results did not accurately reflect Bisys’ true operational results and financial condition; and

c. that, because of the foregoing, the Company’s reported financial results did not accurately reflect the Company’s actual financial results and condition and deceived investors.

#### **THE TRUTH IS REVEALED**

47. The truth concerning the Company’s accounting improprieties was not known to the market until May 17, 2004. On that date, after the close of ordinary trading, the

Company announced that it would be restating its "financial results for each of the fiscal years ended June 30, 2003, 2002 and 2001, as well as its interim results for fiscal 2004," to account for a downward adjustment to its commissions receivable by \$70 million to \$80 million. In relevant part, the Company stated as follows:

Based upon a continuing review and analysis of commissions receivable in its Life Insurance division, BISYS has determined that the previously reported adjustment of \$24.7 million (\$15.5 million net of tax) to commissions receivable in its Life Insurance division will be increased to approximately \$70 million to \$80 million (approximately \$44 million to \$50 million net of tax).

BISYS has also determined that the adjustment requires a restatement of its financial results for each of the fiscal years ended June 30, 2003, 2002 and 2001, as well as its interim results for fiscal 2004, to reflect the impact of the adjustment on each of the periods presented. The Company intends to file its Form 10-Q for the quarterly period ended March 31, 2004, as soon as practicable.

According to Jim Fox, BISYS' executive vice president and CFO, "The adjustment to commissions receivable in our Life Insurance division is larger than we had previously anticipated, and after further analysis requires that we restate our previously reported results to appropriately reflect the impact of the adjustment on prior periods. We look forward to presenting our restated historical financial results as soon as practicable, and expect the substantial majority of the final adjustment, including the \$24.7 million previously reported in our third fiscal quarter of 2004, to relate to fiscal years prior to 2003."

48. In response to this announcement, the price of Bisys common stock dropped, closing at \$12.97 on May 18, 2004, down from a high of \$14.50 on May 17 on unusually heavy trading volume.

**DEFENDANTS' FINANCIAL STATEMENTS  
DURING THE CLASS PERIOD WERE  
MATERIALLY FALSE AND MISLEADING AND VIOLATED GAAP**

49. At all relevant times during the Class Period, defendants represented that Bisys' financial statements, when issued, were prepared in conformity with GAAP, which are recognized by the accounting profession and the SEC as the uniform rules, conventions and procedures necessary to define accepted accounting practices at a particular time. However, the Company used improper accounting practices in violation of GAAP and SEC reporting

requirements to falsely inflate Bisys' reported revenues, net income and earnings per share in the interim quarters and fiscal years during the Class Period.

50. Bisys' materially false and misleading financial statements resulted from a series of deliberate senior management decisions designed to conceal the truth regarding Bisys' actual operating results. Specifically as discussed above, defendants caused the Company to violate GAAP by, among other things, failing to improperly account for commissions receivable.

51. As set forth in Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Concepts ("Concepts Statement") No. 1, Objectives of Financial Reporting by Business Enterprises (November 1978), one of the fundamental objectives of financial reporting is that it provide accurate and reliable information concerning an entity's financial performance during the period being presented. Concepts Statement No. 1, paragraph 42, states:

Financial reporting should provide information about an enterprise's financial performance during a period. Investors and creditors often use information about the past to help in assessing the prospects of an enterprise. Thus, although investment and credit decisions reflect investors' and creditors' expectations about future enterprise performance, those expectations are commonly based at least partly on evaluations of past enterprise performance.

52. As set forth in SEC Rule 4-01(a) of SEC Regulation S-X, "[f]inancial statements filed with the [SEC] which are not prepared in accordance with [GAAP] will be presumed to be misleading or inaccurate." 17 C.F.R. § 210.4-01(a)(1). Management is responsible for preparing financial statements that conform to GAAP. As noted by the American Institute of Certified Public Accountants ("AICPA") Codification of Statements on Auditing Standards § 110.03:

The financial statements are management's responsibility . . . . Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. The entity's

transactions and the related assets, liabilities and equity are within the direct knowledge and control of management . . . . Thus, the fair presentation of financial statements in conformity with generally accepted accounting principles is an implicit and integral part of management's responsibility.

53. Defendants' improper accounting for commissions receivable was a violation of GAAP which caused an overstatement of Bisys' reported assets, revenue, net income and earnings per share throughout the Class Period.

54. As a result of the foregoing accounting improprieties, Bisys' reported financial results violated, among other things, the following provisions of GAAP for which each Defendant is necessarily responsible:

- (a) The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions was violated (FASB Concepts Statement No. 1, ¶ 34);
- (b) The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events and circumstances that change resources and claims to those resources was violated (FASB Concepts Statement No. 1, ¶ 40);
- (c) The principle that financial reporting should be reliable in that it represents what it purports to represent was violated. That information should be reliable as well as relevant is a notion that is central to accounting (FASB Concepts Statement No. 2, Qualitative Characteristics of Accounting Information ¶¶ 58-59 (May 1980));
- (d) The principle of completeness, which means that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions was violated (FASB Concepts Statement No. 2, ¶ 79); and
- (e) The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered was violated. The best way to avoid injury to investors is to try to ensure that what is reported represents what it purports to represent (FASB Concepts Statement No. 2, ¶¶ 95, 97).

**Bisys' False and Misleading Financial Statements Were Material**

55. The foregoing violations of GAAP were material. Indeed, as the Company eventually was forced to admit, it had improperly accounted for commissions receivable, requiring an adjustment of \$70 million to \$80 million. In view of "the potential dilution of public confidence in financial statements resulting from restating the financial statements of prior periods," according to GAAP, a retroactive restatement of financial statements is reserved for material accounting errors that existed at the time the financial statements were prepared. APB Opinion No. 20, Accounting Changes ¶¶ 18, 27, 34-38 (July 1971). Since GAAP allows only for correction of errors that are "material," by restating its financial statements, Bisys admitted the materiality of the errors in its financial statements issued during the Class Period.

**Undisclosed Adverse Information**

56. The market for Bisys' securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Bisys' common stock traded at artificially inflated prices during the Class Period. The artificial inflation continued until at least May 17, 2004. Plaintiff and other members of the Class purchased or otherwise acquired Bisys securities relying upon the integrity of the market price of Bisys' securities and market information relating to Bisys, and have been damaged thereby.

a. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Bisys' securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as detailed above.

57. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Bisys' business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Bisys and its business, prospects and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

#### **Additional Scienter Allegations**

58. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Bisys, their control over, and/or receipt and/or modification of Bisys' allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Bisys, participated in the fraudulent scheme alleged herein.

59. Defendants were further motivated to participate in the wrongful conduct alleged herein so that Bisys insiders could sell their personally held shares of the Company's

stock at artificially inflated prices. As detailed by the following tables, during the class period Bisys insiders, including defendant Magnum and Sheehan, sold a total of 1,009,266 shares of Bisys common stock, reaping gross proceeds of \$37,897,373:

**Dennis Sheehan: Former President and CEO**

| Date of Sale         | # Shares Sold | (\$ Price/share | Total Sale (\$)     |
|----------------------|---------------|-----------------|---------------------|
| November 14, 2001    | 3,000         | 53.28           | 159,840.00          |
| November 13, 2001    | 11,500        | 54.17           | 622,955.00          |
| November 12, 2001    | 3,500         | 54.33           | 190,155.00          |
| November 8, 2001     | 2,000         | 54.69           | 109,380.00          |
| November 7, 2001     | 10,000        | 54.93           | 549,300.00          |
| November 27, 2000    | 3,300         | 46.29           | 152,765.91          |
| November 20, 2000    | 18,200        | 44.79           | 815,238.06          |
| November 17, 2000    | 10,500        | 44.87           | 471,140.25          |
| November 8, 2000     | 8,000         | 46.49           | 371,900.00          |
| <b>Sheehan sales</b> | <b>70,000</b> |                 | <b>3,442,674.22</b> |

**Lynn Mangum: Chairman of the Board**

| Date of Sale        | # Shares Sold  | (\$ Price/share | Total Sale (\$)      |
|---------------------|----------------|-----------------|----------------------|
| November 14, 2001   | 20,000         | 53.28           | 1,065,600.00         |
| November 13, 2001   | 76,500         | 54.17           | 4,144,005.00         |
| November 12, 2001   | 23,700         | 54.33           | 1,287,621.00         |
| November 8, 2001    | 13,300         | 54.69           | 727,377.00           |
| November 7, 2001    | 66,500         | 54.93           | 3,652,845.00         |
| <b>Mangum sales</b> | <b>200,000</b> |                 | <b>10,877,448.00</b> |

**Kevin Dell: Executive Vice President and General Counsel**

| Date of Sale      | # Shares Sold | (\$ Price/share | Total Sale (\$)     |
|-------------------|---------------|-----------------|---------------------|
| January 26, 2004  | 10,000        | 17.54           | 175,400.00          |
| November 11, 2003 | 28,500        | 14.15           | 403,349.10          |
| November 23, 2001 | 10,000        | 53.50           | 535,000.00          |
| November 14, 2001 | 1,300         | 53.28           | 69,264.00           |
| November 13, 2001 | 5,200         | 54.17           | 281,684.00          |
| November 12, 2001 | 1,600         | 54.33           | 86,928.00           |
| November 8, 2001  | 900           | 54.69           | 49,221.00           |
| November 7, 2001  | 4,500         | 54.93           | 247,185.00          |
| <b>Dell sales</b> | <b>62,000</b> |                 | <b>1,848,031.10</b> |

**J. Robert Jones: Executive Vice President**

| Date of Sale       | # Shares Sold | (\$ Price/share | Total Sale (\$)     |
|--------------------|---------------|-----------------|---------------------|
| November 14, 2001  | 2,700         | 53.28           | 143,856.00          |
| November 13, 2001  | 10,300        | 54.17           | 557,951.00          |
| November 12, 2001  | 3,200         | 54.33           | 173,856.00          |
| November 8, 2001   | 1,800         | 54.69           | 98,442.00           |
| November 7, 2001   | 9,000         | 54.93           | 494,370.00          |
| <b>Jones sales</b> | <b>27,000</b> |                 | <b>1,468,475.00</b> |

**Neil Marcous: Executive Vice President**

| Date of Sale         | # Shares Sold | (\$ Price/share | Total Sale (\$)     |
|----------------------|---------------|-----------------|---------------------|
| May 20, 2002         | 11,370        | 34.83           | 396,017.10          |
| May 20, 2002         | 1,100         | 34.99           | 38,489.00           |
| May 20, 2002         | 1,100         | 34.99           | 38,489.00           |
| May 20, 2002         | 130           | 34.83           | 4,527.90            |
| May 20, 2002         | 130           | 34.83           | 4,527.90            |
| May 17, 2002         | 29,000        | 35.09           | 1,017,726.00        |
| May 17, 2002         | 29,000        | 35.09           | 1,017,726.00        |
| May 2, 2002          | 1,000         | 34.03           | 34,029.00           |
| May 2, 2002          | 1,000         | 34.56           | 34,560.00           |
| May 1, 2002          | 2,000         | 34.70           | 69,400.00           |
| May 1, 2002          | 1,000         | 34.09           | 34,085.00           |
| May 1, 2002          | 1,000         | 34.28           | 34,281.00           |
| April 30, 2002       | 2,000         | 34.71           | 69,420.00           |
| April 30, 2002       | 1,000         | 34.06           | 34,055.00           |
| April 30, 2002       | 1,000         | 34.03           | 34,030.00           |
| February 14, 2002    | 1,000         | 63.30           | 63,300.00           |
| February 14, 2002    | 1,000         | 63.37           | 63,370.00           |
| February 13, 2002    | 2,000         | 63.78           | 127,560.00          |
| February 13, 2002    | 1,500         | 64.18           | 96,270.00           |
| February 13, 2002    | 500           | 64.19           | 32,095.00           |
| <b>Marcous sales</b> | <b>87,830</b> |                 | <b>3,243,957.90</b> |

**Thomas McInerney: Board Member**

| Date of Sale           | # Shares Sold  | (\$ Price/share | Total Sale (\$)     |
|------------------------|----------------|-----------------|---------------------|
| May 15, 2002           | 85,800         | 35.10           | 3,011,580.00        |
| May 15, 2002           | 85,800         | 35.10           | 3,011,580.00        |
| February 2, 2001       | 14,300         | 46.25           | 661,375.00          |
| February 2, 2001       | 14,300         | 46.25           | 661,375.00          |
| <b>McInerney sales</b> | <b>200,200</b> |                 | <b>7,345,910.00</b> |

**William Neville: President, Information Services**

| Date of Sale         | # Shares Sold  | (\$ Price/share | Total Sale (\$)     |
|----------------------|----------------|-----------------|---------------------|
| February 5, 2004     | 2,500          | 18.01           | 45,025.00           |
| November 18, 2003    | 2,660          | 14.37           | 38,224.20           |
| August 29, 2002      | 76,424         | 25.20           | 1,925,548.53        |
| August 28, 2002      | 26,700         | 25.23           | 673,678.38          |
| April 22, 2002       | 56,952         | 33.00           | 1,879,416.00        |
| April 22, 2002       | 32,000         | 33.00           | 1,056,000.00        |
| <b>Neville sales</b> | <b>197,236</b> |                 | <b>5,617,892.11</b> |

**Mark Rybarczyk: Executive Vice President**

| Date of Sale           | # Shares Sold  | (\$ Price/share | Total Sale (\$)     |
|------------------------|----------------|-----------------|---------------------|
| February 17, 2004      | 6,600          | 18.00           | 118,800.00          |
| February 13, 2004      | 10,000         | 18.03           | 180,250.00          |
| February 12, 2004      | 23,400         | 18.06           | 422,501.04          |
| February 11, 2004      | 30,000         | 18.17           | 544,995.00          |
| February 10, 2004      | 15,000         | 18.04           | 270,649.50          |
| November 14, 2001      | 3,000          | 53.28           | 159,840.00          |
| November 13, 2001      | 11,500         | 54.17           | 622,955.00          |
| November 12, 2001      | 3,500          | 54.33           | 190,155.00          |
| November 8, 2001       | 2,000          | 54.69           | 109,380.00          |
| November 7, 2001       | 10,000         | 54.93           | 549,300.00          |
| <b>Rybarczyk sales</b> | <b>115,000</b> |                 | <b>3,168,825.54</b> |

**William Tomko: Executive Vice President and President, Information Services**

| Date of Sale                           | # Shares Sold | (\$ Price/share | Total Sale (\$)   |
|--|---------------|-----------------|-------------------|
| August 27, 2003                        | 30,000        | 17.67           | 530,154.00        |
| August 27, 2003                        | 20,000        | 17.70           | 354,006.00        |
| <b>Tomko sales</b>                     | <b>50,000</b> |                 | <b>884,160.00</b> |
| <b>TOTAL INSIDER SALES = 1,009,266</b> |               |                 |                   |
| <b>TOTAL PROCEEDS = \$37,897,373</b>   |               |                 |                   |

**Applicability Of Presumption Of Reliance:  
Fraud-On-The-Market Doctrine**

60. At all relevant times, the market for Bisys' securities was an efficient market for the following reasons, among others:

- a. Bisys' stock met the requirements for listing, and was listed and actively traded on the NYSE a highly efficient and automated market;
- b. As a regulated issuer, Bisys filed periodic public reports with the SEC and the NYSE;
- c. Bisys regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- d. Bisys was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

61. As a result of the foregoing, the market for Bisys' securities promptly digested current information regarding Bisys from all publicly available sources and reflected such information in Bisys' stock price. Under these circumstances, all purchasers of Bisys' securities during the Class Period suffered similar injury through their purchase of Bisys' securities at artificially inflated prices and a presumption of reliance applies.

#### **NO SAFE HARBOR**

62. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual

results to differ materially from those in the purportedly forward-looking statements.

Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Bisys who knew that those statements were false when made.

**FIRST CLAIM**

**Violation Of Section 10(b) Of  
The Exchange Act And Rule 10b-5  
Promulgated Thereunder Against All Defendants**

63. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

64. During the Class Period, Bisys and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Bisys' securities; and (iii) cause plaintiff and other members of the Class to purchase Bisys' securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

65. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Bisys' securities in violation of Section 10(b) of

the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

66. In addition to the duties of full disclosure imposed on defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. Sections 210.01 et seq.) and Regulation S-K (17 C.F.R. Sections 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and earnings so that the market price of the Company's securities would be based on truthful, complete and accurate information.

67. Bisys and the Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Bisys as specified herein.

68. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Bisys' value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Bisys and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of

business which operated as a fraud and deceit upon the purchasers of Bisys' securities during the Class Period.

69. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

70. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Bisys' operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to

obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

71. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Bisys' securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Bisys' publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Bisys securities during the Class Period at artificially high prices and were damaged thereby.

72. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known of the true financial condition and business prospects of Bisys, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Bisys securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

73. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

74. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

75. Pursuant to §304 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. §7243, the Individual Defendants should disgorge any bonus or other incentive-based or equity-based compensation, and/or any profits from the sale of securities, realized during the 12-month period following the first public announcement, or filing with the SEC, of a financial statement that was restated.

## **SECOND CLAIM**

### **Violation Of Section 20(a) Of The Exchange Act Against The Individuals Defendants**

76. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

77. The Individual Defendants acted as controlling persons of Bisys within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

78. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have

had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

79. As set forth above, Bisys and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

80. Pursuant to §304 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. §7243, the Individual Defendants should disgorge any bonus or other incentive-based or equity-based compensation, and/or any profits from the sale of securities, realized during the 12-month period following the first public announcement, or filing with the SEC, of a financial statement that was restated.

**WHEREFORE**, plaintiff prays for relief and judgment, as follows:

- a. Determining that this action is a proper class action and appointing plaintiff as Lead Plaintiff and his counsel as Lead Counsel for the Class and certifying him as class representatives under Rule 23 of the Federal Rules of Civil Procedure;
- b. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- c. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

d. The disgorgement of any bonus or other incentive-based or equity-based compensation, and/or any profits realized by the Individual Defendants, pursuant to §304 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. §7243; and

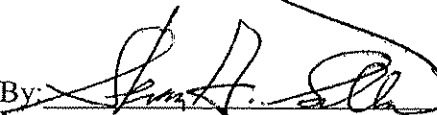
e. Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: May 27, 2004

**MILBERG WEISS BERSHAD &  
SCHULMAN LLP**

By: 

Steven G. Schulman (SS-2561)

Peter E. Seidman (PS-8769)

Andrei V. Rado (AR-3724)

One Pennsylvania Plaza

New York, NY 10119-0165

Telephone: (212) 594-5300

Fax: (212) 868-1229

**Attorneys for Plaintiff**

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**CERTIFICATION OF PROPOSED LEAD PLAINTIFF  
PURSUANT TO FEDERAL SECURITIES LAWS**

I, Howard Vogel, declare the following as to the claims asserted, or to be asserted, under the federal securities laws:

1. I have reviewed the The BISYS Group, Inc. (NYSE:BSG) complaint prepared by Milberg Weiss Bershad & Schulman LLP, whom I designate as my counsel in this action for all purposes.

2. I did not acquire The BISYS Group, Inc. (NYSE:BSG) stock at the direction of plaintiff's counsel or in order to participate in any private action under the federal securities laws.

3. I am willing to serve as a lead plaintiff either individually or as part of a group. A lead plaintiff is a representative party who acts on behalf of other class members in directing the action, and whose duties may include testifying at deposition and trial.

4. I will not accept any payment for serving as a representative party beyond my pro rata share of any recovery, except reasonable costs and expenses, such as lost wages and travel expenses, directly related to the class representation, as ordered or approved by the court pursuant to law.

5. I have not sought to serve or served as a representative party for a class in an action under the federal securities laws within the past three years, except:

*Vogel v. CIT Group Inc.*, 03-CV-2471 (S.D.N.Y.)

6. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is unaffected by my decision to serve as a representative party.

7. Since October 23, 2000 I have made the following transactions in The BISYS Group, Inc. (NYSE:BSG) and will provide records of those transactions upon request:

| <u>No. of Shares</u> | <u>Buy/Sell</u> | <u>Date</u> | <u>Price Per Share</u> |
|----------------------|-----------------|-------------|------------------------|
| 100                  | Buy             | 10/15/03    | \$13.82                |
|                      |                 |             |                        |
|                      |                 |             |                        |
|                      |                 |             |                        |
|                      |                 |             |                        |

I declare under penalty of perjury that the foregoing is true and correct

Executed this 24 day of May, 2004

HOWARD VOGEL  
Print Name

[Signature]  
Signature